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Celebrating Our 60th Year

BOATING INDUSTRY

THE MANAGEMENT MAGAZINE OF THE BOATING INDUSTRY DECEMBER 1989

Elder Statesman Profile: Marvin Perkins

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BOATING INDUSTRY

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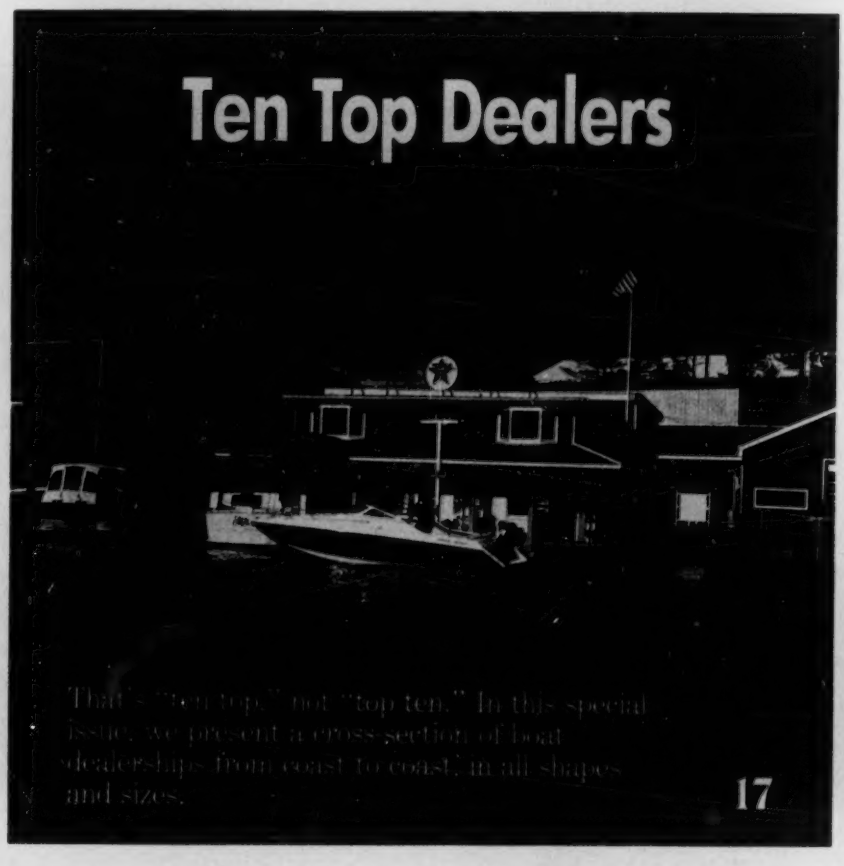
Ten Top Dealers
That's "ten top," not "top ten." In this special issue, we present a cross-section of boat dealerships from coast to coast, in all shapes and sizes.
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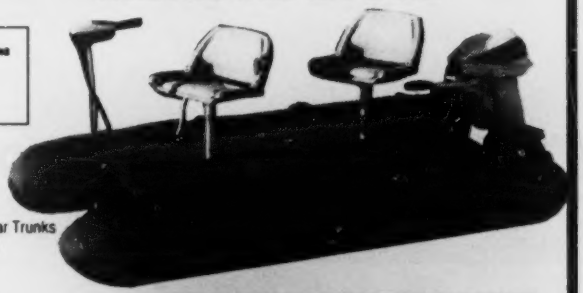

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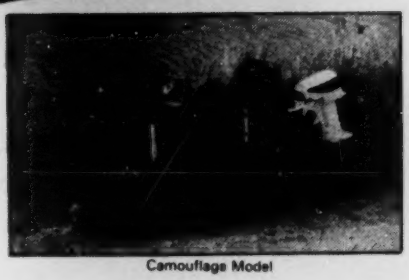

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INCORPORATING MARINE BUSINESS
390 Fifth Ave., NY, NY 10018
(212) 613-9700
Fax: (212) 613-9749

CHARLES A. JONES, *publisher/editor-in-chief*
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KATHERINE HURD
Hurd & Associates
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(312) 975-8989

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MARY BETH LOCASTRO, *media developer*
The Longshore Group, Inc.
1010 Pearl Street, Suite 7
La Jolla, CA 92037
(619) 459-3234

Southwest
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603 Martha St.,
Montgomery, AL 36104
(205) 263-6050

Canada
DONALD C. FENN, JOHN MAGNER
Fenn Company Incorporated
P.O. Box 1060
148 King Road East
King City, Ontario LOG 1K0
(416) 833-6200

Europe
NICK HOPKINSON, ELFI FISCHER
Boating Communications, Ltd.
1 St. Johns Ct., St. Johns St., Farncombe
Surrey GU7 3BA
England Tel: (44 4868)25817 Telex 265871 MONREFG
(quote SQQ171 on 1st line)
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TEN TOP DEALERS

BY JOHN FAHS
CARRIE CAMPBELL
DOUG HENSCHEN
AND BRETT BAYNE

The "top ten" in any field are those who head the list when it comes to numbers. Whether it be the Fortune 500 or the NCAA college basketball ranking, "top ten" is a simple statistical measure of performance. In this, our new December issue, we at BOATING INDUSTRY wanted to profile "top" dealers, but the idea of a top-ten list didn't seem to do justice to such a diverse group. Reading about a mega-dealer with multiple outlets and mass volumes may be inspirational, but how much of that dealer's insight and advice can apply to a smaller dealer?

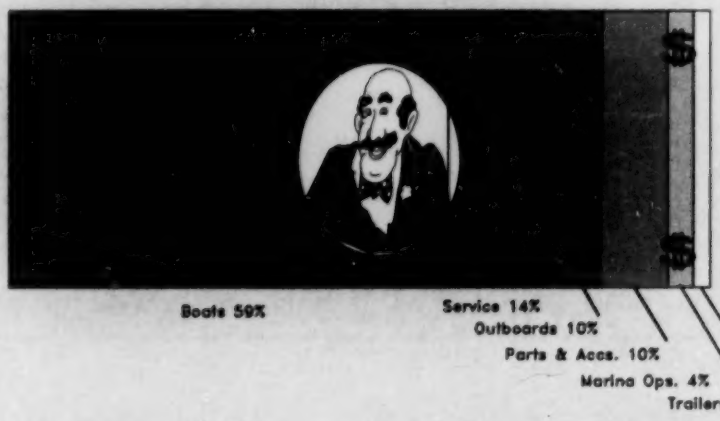
By focusing in on *ten top* dealers, rather than "the top ten," we sought to provide a cross-section of the retailing business—from coast to coast, from large to small and from product line to product line. Heading the list are two mega-dealers that are, indeed, top performers: eight-outlet Jericho Boats, headquartered in Bohemia, N. Y., and 13-outlet Skipper Bud's, based in Milwaukee, Wis. Boasting annual sales of $56 and $30+ million, respectively, these two titans are often described as models for the dealership of the '90s. Regal cruisers have been Jericho's bread and butter, while Skipper Bud's has long sold Four Winns and Sea Ray.

Next on our list is Greenbrook, N.J.-based D&R Boats. Through its two dealerships, D&R grossed $22 million in '89, and it is the top Sea Ray dealer in the state. San Diego-based Perez Cove Marine, another two-outlet dealer, grossed $12 million this year. Eight years ago, Perez dumped a stable of six lines and went with Bayliner exclusively.

A handful of those profiled are in the $1 to $5 million range. Schilling Boathouse in Hilton Head, S.C., reported sales between $3 and $5 million. Pursuit, Four Winns, Wahoo and

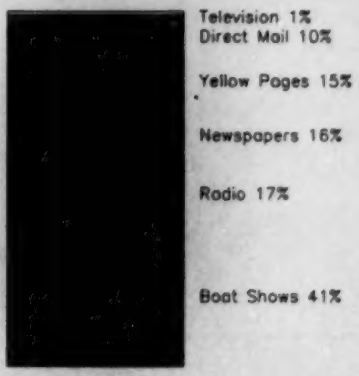
Sales Breakdown

Average Among Ten Dealers



Ad Budget Breakdown

Average Among Ten Dealers



The ten dealers profiled varied widely in terms of size and orientation, but the average sales breakdown proved to be quite telling. The preeminence of the boat category reflects the industry's move toward packaging. Loose outboards accounted for a much smaller share of sales. The average ad budget breakdown was also revealing, but don't confuse dollars spent with results obtained.

Duroboat are the dealer's major lines. Channel Marine of Weirs Beach, N.H., grossed $4 million this year, with Century and Slickcraft as its major lines. Boat World, with two outlets in the Atlanta area, is a relative newcomer. The dealership opened in 1986 and was acquired by new owners in October 1988. The outfit once billed itself as Wellcraft's largest inland dealer, and it recently added Cajun to its venue. The dealer reportedly grossed about $3 million this year.

Action Boat Brokers, in Huntington Beach, Calif., has made the transition from brokerage to dealership with Chaparral, Wahoo, Valco and West Coaster. For '89, the firm grossed $3 million. Metz Marina in Kennewick, Wash., handles Crestliner and Bluewater boats, but it earned most of its $1 million in sales on the marina and on parts and accessories. Klinger Lake Marina in Sturgis, Mich., is another example of a small marina/dealership. In this case, however, Larson and other boat packages account for over 50 percent of the $850,000 gross.

Despite differences in size, product lines and overall focus, these dealers shared a number of concerns. As one might expect, manufacturer-dealer relationships were foremost among them. Most dealers reported sales to be down for '89, but few complained about manufacturer pressures to take on more inventory. Whether it is the sensitivity of this issue or the uniformity of this year's inventory problem, most manufacturers seem to have accepted the situation and lightened up on the dealers.

There was much more concern, however, about maintaining exclusive territories. One top-selling outboard dealer reported that his manufacturer granted another franchise just two miles away. Another protested: "One of the big problems is too many dealers being socked close together and getting into price wars." Butch Alberti, of Jericho Boats, says he learned this lesson long ago. Alberti now has exclusive franchises with *independent* builders, and only with those he feels he can trust.

Problems were also reported when it came to warranty work and timely delivery of parts. Said one dealer, "You have to be very specific in justifying your diagnoses on warranty work." Another dealer lamented, "The manufacturers just don't recognize what a good dealer spends to make a customer happy on warranty."

Most of these ten dealers were also on common ground in predicting a thinning of dealer ranks. "After six or seven really good years, lots of people get into the business very under-financed and in secondary locations," claimed one dealer. "I think in tough times you'll see them go away." Said another retailer, "Those who didn't learn about the importance of profitability are probably going to fall by the wayside."

Nearly everyone saw a shakeout ahead, but, not surprisingly, nobody counted *themselves* among those likely to fail. These dealers maintained an optimistic, upbeat attitude about the future of the marine business. It is an attitude shared by many manufacturers and by the staff of BOATING INDUSTRY. Gloom and doom comparisons to 1988, an all-time banner year, are grossly misleading. What many of these experienced dealers recognize is that the industry has to go through its growing pains.

Read through the dealers profiles on the pages that follow. If you are a dealer, you are sure to find outfits similar in size and performance to your own. Compare your methods and policies with these fellow retailers and you are sure to come up with helpful ideas that can be applied at your dealership.

JERICHO BOATS
Long Island, N.Y.

Vital Statistics

FACILITIES—2 marinas with drystacking, 6 showrooms and Make-ready/Administration center on Long Island. Two marinas & two showrooms in Florida—expansion will bring total number of Florida showrooms to 6

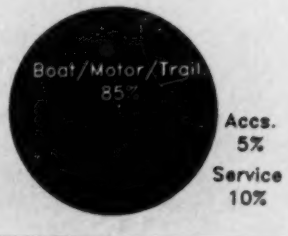
PRODUCT LINES—Regal, Grady White, Fountain, Pro-Line, Aquasport, Sea Sprite, Thompson, Wahoo, Mako and Webbcraft boats; Mercury, Yamaha, Evinrude and Volvo engines; Shoreline Trailers; Lowrance electronics

YEARS IN BUSINESS—20

GROSS SALES—$56 million (1989)

PROFITABILITY—30 percent overall

Sales Breakdown



If 'the strip' running along Montauk Highway from Copaigue to Lindenhust on New York's Long Island is the crown jewel of the boat trade, Butch Alberti is most assuredly king.

Since taking over a broken-down lawnmower and outboard repair facility on an old Texaco-station lot at age 24 in 1969, Alberti has built a complex organization that enables him unique control over pricing, overhead, sales and expansion.

A short list of Jericho's accomplishments: world's largest Regal dealer since '75, world's largest dealer of Grady White and Sea Sprite, consistent ranking among the top 5 MerCruiser dealers over the past several years, world's largest dealer of Yamaha outboards, world's largest dealer of Lowrance. The list of sales achievements goes on and on. Yet more impressive is the expansion which began about 18 months ago.

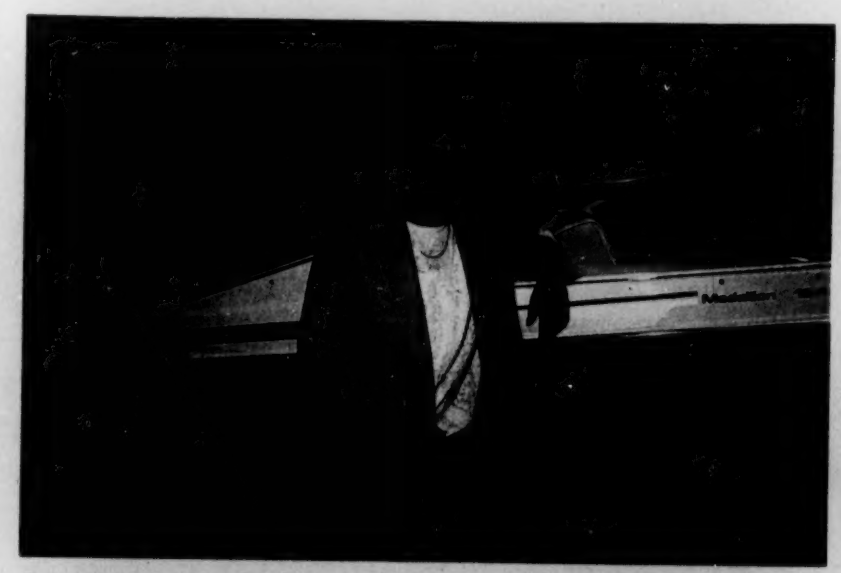
Some key aspects of the expansion include the acquisition of two marinas on the south shore of Long Island and purchases of showrooms in strategic locations bringing the total number in New York to six. Extending operations into Florida is a keystone of Jericho's business plan. When the expansion is complete, Jericho's Florida locations will include showrooms, drystacking facilities and satellite showrooms in Pompano Beach and Fort Lauderdale, as well as showrooms and drystacking facilities in Melborne and the Key Biscayne area.

To truly appreciate the expansion's design, listen to Alberti's philosophy on expansion—"I'm first and foremost into real estate, you have to remember that. I've used the cash flow out of the marine industry to develop real estate, which most dealers don't seem to do. What they do is, take a piece of real estate their father gave them and mortgage the hell out of it." According to Alberti, "Three manufacturers to a store is, I feel, the maximum—high end, low end, high performance. That's really where the expansion came in. I'd acquired all these exclusives with builders, so I had to go out and buy all these showrooms," he laughs. "You couldn't put all those lines [11] in one showroom because all it does is confuse the customer."

By centralizing his administration and make-ready operations at a new facility in Bohemia, Alberti will be able to scientifically rig and dispatch the 2,500 to 3,000 boats Jericho sells each year. The make-ready center is a 43,000-square-foot facility located on 3 ½ acres. It features racks for 350 new boats, elevated shelving for 400 outboards and it will employ 22 people in administration alone. Using a crane system, his team can rig up to 54 boats at a time. The storage system enables all inventory delivered from the manufacturers to be kept at one location and facilitates inspection of damages and shortages while eliminating the need for moving boats from location to location (a tremendous waste of time and equipment). Says Alberti, "The fear of expanding is that you can lose control, what I'm trying to do is gain *more* control through the growth. We have $4.3 million in unattached accessories and inventory at any given time—a million can fall through the cracks in a heartbeat—we had to come up with a system."

Though the expansion on Long Island is complete, Alberti's plans for Florida have two years to go. Once they have been realized, Jericho will have created a synergetic relationship between its New York and Florida operations that will teach a valuable lesson about what surviving in this business in the '90s will entail.

By expanding to Florida, Alberti is benefiting from and contributing to the high volume of his New York locations while using the same administration center—an important

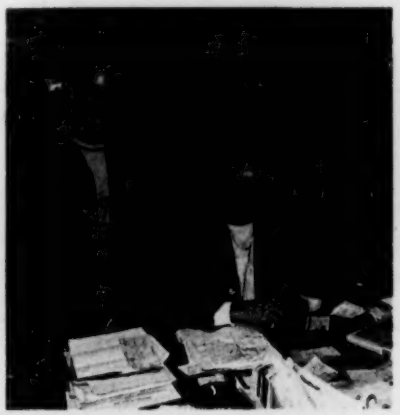


Butch Alberti on the showroom floor, with a Regal Medallion 185.

item for an operation whose philosophy is grounded in volume discounts, rebates, co-op credits and early-bird discounts. The return on the Florida dry-stacking operations alone will pay for the real estate in five years. Additionally, he is now in a position to take advantage of the high number of New Yorkers who vacation and own condos in S.E. Florida. "You wouldn't believe the New Yorkers at that last show in Miami," he muses. "If I miss them at the New York show, if I miss them at the Nassau Coliseum show, they've got to make a decision to buy at that Miami show." Previously Jericho had been losing sales by selling the *product* to customers who would buy in Florida. "Also," he adds, "I can stretch my season out—if I'm over-stocked up here, I can move my inventory down there."

Moving inventory brings up another facet of Jericho's planned expansion—a tractor-trailer transport subsidiary. Though the showroom in Patchouge on L.I. was acquired with an eye toward moving the huge number of used boats Jericho handles (around 40 percent of Jericho's boat sales involve a trade), a New York used boat is actually worth more than a Florida used boat—where gel coats and upholstery are often shot by strong ultraviolet rays and year-round moorage. Jericho trailers will be able to go down full of clean, used boats and come back (without deadloading) full of new boats from his Florida builders. An important economic consideration with the going transport rate currently around $2 per mile. During the Winter, the trucks will haul loads of his customer's boats down to Florida for the season—giving him all the business he had only received a ten-percent commission on in the past.

The key to Jericho's success is Alberti's close relationships with *independent* manufacturers and a firm policy of exclusivity on the franchises he carries. "You know how many manufacturers I brought to this island and after I started selling 50 or 60 units, the other dealers asked for it and they gave it away? Once you start to make waves with a boat line, every dealer wants it—and manufacturers have small minds. I started in with the Kucks [of Regal] in 1974 and it was refreshing to meet someone you could trust. A handshake with Paul Kuck or Duane Kuck is better than any written contract you can get with any other boat company. I feel very strongly about dealing with manufacturers that have integrity—we, as dealers, have been getting kicked by manufacturers for years. A lot of dealers kick them back, and I think the industry has been stagnated and kept in the backwoods by that.



Jericho's future: Bill Alberti comes to work after school. Renee Alberti started out stocking shelves, now she's comptroller.

"I only deal if I like the owner, and I only deal with an independent. Can we say that? Yeah, we can say that, cause it's important. It's a point I'm making. I know the CEO of OMC, Genmar, Yamaha—a lot of the major manufacturers and engine companies. We're all friends because we grew up in this industry together. The little dealer has to be afraid of them.

"Dealing with people of the integrity of a Paul Kuck or a Reggie Fountain, someone like Bob Smith of Sea Sprite or John Mulhern of Aquasport, Dale Anderson, Ken Hall, Clint Moore, John Davidson, Carl Prince—some of these relationships go back 20 years and relationships don't generally last in this industry—I've tried very hard to get away from the traditional distrust."

Another important consideration during the expansion was that the high volume of boat sales had begun to jeopardize Jericho's service department. With all the deliveries and space needed for make-ready there remained little room on the lot for his customer's boats: "I built Jericho on service. If you service them you usually get a crack back at them, but you have to have the product they're looking for. Buying a boat can be the biggest nightmare of a person's life. And you know what? Seventy or eighty percent of the time it is. Having a competent service department can solve some of those nightmares."

When asked what kind of advice he would give to smaller dealerships that don't have exclusives and move low volumes, Alberti suggested finding another business to get into. "Most dealerships take two to three years to find out they lost money, they *move* money. Everything you touch you've got to make a dollar on. Look at what's happening to the dealers now—how could you be broke after '82, '83, '84, '85 and '86? They're dropping like flies. If other dealers could get a little confidence in themselves and start to act like businessmen, it can only help this industry.

"I have a formula, I take the freight, I take the make-ready, I've got to make it ready, right? Everybody forgets about that. All the other dealers take 1.20 times the invoice and think they're making 20 percent—he's lucky if he's making 11 and then he gives a salesman 4 percent. Price doesn't sell, style and how you present your dealership sells. You have to sell the *boat*, not the price, and the only way you can do that is with an exclusive. I spoil my customers, I build about a thousand dollars into the low-sale price to give away back to them and they love me for it."

Jericho's 147 employees are said to be something of an extended family and among them are Alberti's mother & father, two brothers, and an uncle. His daughter Renee is comptroller, and a 17-year-old son, Robby, comes in to learn all aspects of the business after school. Says Alberti, "I love my people. Anybody who works for me, I love them or else they don't work for me."

BOATING INDUSTRY readers can look forward to insight and some valuable advice from Butch Alberti on topics such as insurance, service, shows, and sales techniques in upcoming issues. *—John Fahs*

PEREZ COVE MARINE
San Diego, CA

Vital Statistics

FACILITIES—Full-service dealership with one location on Balboa Avenue for trailerable boats from 15-25 feet, and a Yacht Center on Quiviera Basin for 25 to 45 foot boats

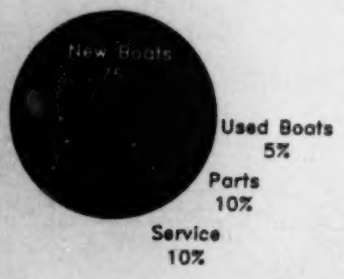
PRODUCT LINES—Bayliner

YEARS IN BUSINESS—22

GROSS SALES—12 million

PROFITABILITY—N/A

Sales Breakdown



A one-stop shop. Not just for the boats they sell, but for any boat. That's the concept guiding San Diego's largest and oldest boat dealership, Perez Cove Marine. Explains owner Rick Byrn, "My original concept when we bought this business was to make it a marine center, meaning that you could come to our place, buy everything needed for your boat and do everything here. And that's the concept we're still going on.

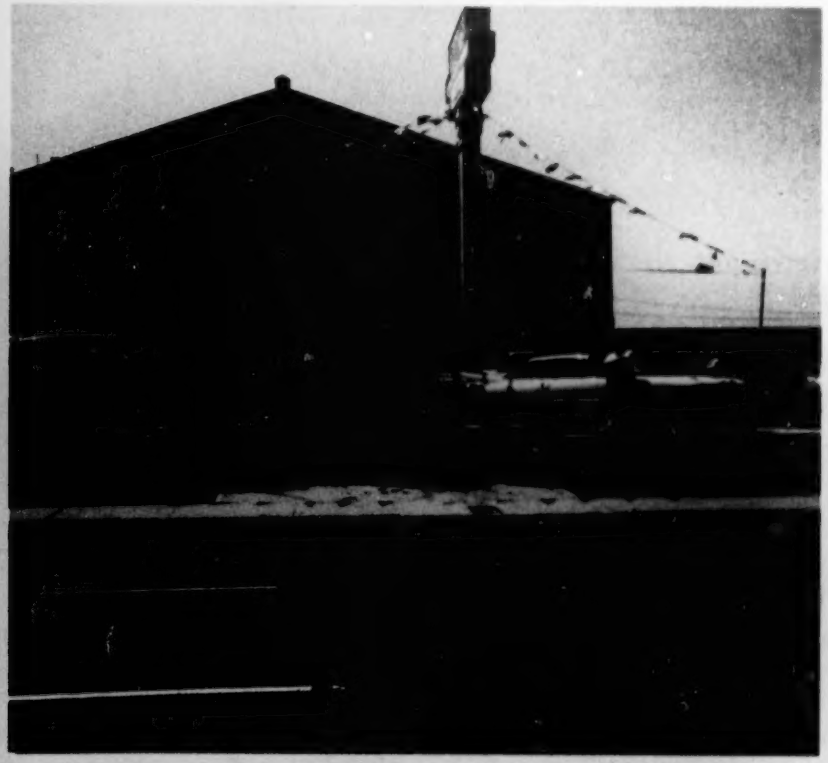
"We've scaled it down a bit," Byrn continues, "because our original idea was to have dry storage, and that was going to take five to six acres." Right now, they've got between 2 ½ and three acres. The early October purchase of 1 ¼ acres of adjacent property will help Byrn's plans move ahead. The parts department and offices will move here, the indoor showroom will expand and the service department will double in size. "I think that with the economy slowing down a bit throughout the country, people are more apt to repair and repower boats than they are to buy new ones," he says. "We want to be able to take care of that."

Byrn has been in business in California since 1967. His company moved from its original location in the late 1970s, when Sea World bought the property. Perez Cove now has two locations, the main yard for 15 to 25 foot boats on San Diego's Balboa Avenue, and a separate yacht center on Quiviera Basin, which handles boats from 25 to 45 feet.

Among his 38 employees, Byrn is the only family member working at Perez Cove. "It is a family business and we consider it one," he says, "but unfortunately, I'm a Canadian, and my wife's not allowed to work down here." His life around boats began with his family's tugboat company, started in 1887 in Vancouver, British Columbia. "We sold that business in 1978, but I was still interested in boats. It was my lifelong dream to live in San Diego, and I was lucky enough that it came about."

Explaining why his profits have constantly gone up, Byrn says, "I'm a good businessman, and I surround myself with a good team, and we have the same team goal in mind." Most of his crew are in their middle twenties, leaving Byrn as one of the oldest at 38. One employee is 77, and does all the warranty work, and another is about 42, and is a salesman at the yacht center. "I'm really looked upon as the father figure here," Byrn marvels.

New boat sales account for the vast majority of Byrn's business. An exclusive U.S. Marine dealership, the company cut back from six lines eight years ago. Byrn thinks the decision to go strictly Bayliner was a very wise one. "We have a very good relationship with our manufacturer, and they try to help us out quite a bit," he says. He also feels lucky that San Diego was chosen as the site of Bayliner's dealer meeting for six consecutive years—, with four more to go. Asked about possible difficulties with the manufacturer, Byrn says, "In past years we have had problems, but—and I might sound like an advertisement for Bayliner—they really have made a commitment to listen to what dealers have to say. They decided to get back to basics and they needed



Boat dealer or antique car dealer? Actually, the vintage automobiles belong to the employees of Perez Cove Marine, shown here with owner Rick Byrn (center).

a strong dealer network to make it happen. And they've done it. It definitely has changed."

"It's all little stuff," says Byrn of the service department, which brings in 10 percent of all business. Recently, warranty work has decreased to about 55 to 60 percent of servicing, from higher quantities not long ago. Byrn reports having had problems with OMC in the past, but since changing to Mercury for the 1990 model year, he is finding fewer warranty problems. "So the warranty figure may change a lot this year."

Byrn estimates having done about 12 million dollars worth of business in 1989. But he never hands out his statement. "I haven't even given my financial statement to my flooring company (General Electric)—and I have all my flooring. So we must do all right," he says.

"At this point, we're real happy with our growth rate," he says. As for the company's future, he thinks Perez Cove "will remain the strongest dealer here in San Diego, and I feel that we will keep expanding until we're happy with the level we're at. I see that happening in a short while. We may start going sideways and look at taking on other dealerships," he says.

Looking at the decade to come in terms of the entire industry, he sees continued growth, with two flat periods. "I think we're in a flattening-out stage right now, and I think we'll have another in five or six years," he says. "With a growing industry, everybody gets on the manufacturing bandwagon. I don't think all the boats out there are good quality or represent people that want to stay in this business long-term. I think there will be a weeding out of these types, which is important to do once in a while and good for the industry."

Byrn predicts that the coming year will be tough on dealers—even the large and experienced ones. He thinks the pace of growth will be "horrendous." Still, he says "people in the business—manufacturers or dealers—do have something to look forward to, as long as they go after making the commitments they need to in their marketplace, whether it be service or sales."

—Carrie Campbell

ACTION BOAT BROKERS
Huntington Beach, CA

Vital Statistics

FACILITIES—Single full-service dealership with complete service department. Located on 3.5-acre beach frontlot.

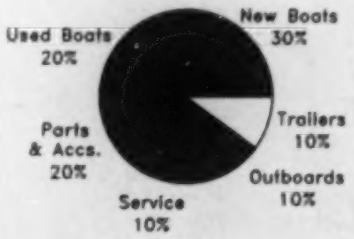
PRODUCT LINES—Chapparal, Wahoo, Valco and West Coaster boats; Volvo Penta, OMC and MerCruiser sterndrives; Johnson outboards; Trail Rite and Shoreline trailers.

YEARS IN BUSINESS—24

GROSS SALES—Over $3 million

PROFITIBILITY—Takes 17-20 percent margin on boats. Overall figure not available.

Sales Breakdown



The sales office is a 10′ by 60′ mobile home, administration is carried out in a 20′ by 20′ prefabricated structure, parts and accessories are displayed in two 24′ by 60′ mobile homes, and the service department operates out of two 9′ by 40′ shipping containers. The whole operation could be closed up and hauled away in an afternoon or, if need be, in the middle of the night.

Despite its shallow roots, Action Boat Brokers of Huntington Beach, Calif., is anything but fly-by-night. After nearly 25 years in business, owner Ray Guy and his family are firmly entrenched in the industry, and they are intent on lasting a few more decades.

The dealership is on a three-and-a-half acre lot right on the beach, just off the Pacific Coast Highway. Guy has leased the spot from the State of California for close to a quarter of a century, but state laws prohibit permanent development of any kind—thus, the transient nature of his facility. "We're continuing to try to make the dealership a nicer place," he admits. "From the outside you don't know what's in there, but when you walk inside, it's as nice as any dealership you will find."

Guy has done his best to make a virtue of necessity. For example, he uses ten 9′ by 40′ shipping containers for storage. "We can make discount purchases in the off season and store it in these containers," he explains. "Close the door and put a lock on it and it's going to be there in the springtime. The fire department loves it because they are all metal buildings and you can shut them up tight. If a fire ever gets started it's going to be self-contained."

Though the nearest boat access is five miles to the northwest at Huntington Harbor or to the southeast at Newport Beach, the pounding surf, sea breeze and view of Catalina Island on the horizon help whet customer appetites. The sunny Southern California weather complements Guy's outdoor showroom and enables the service department to perform most repairs without benefit of cover.

The dealership employs 14 people in all, including the owner, his wife and his two sons. Guy began the business in 1965 as a used-boat dealership. Out of necessity, he built an extensive service department capable of handling everything from engine overhauls to glass work to upholstery and interior renovation. Between 1982 and 1983, he added new boats and outboard motors to his venue; new boats have since captured the majority of his sales. The 53-year-old retailer sees the progression as natural.

"Back when I started, I saw a lot of new boat dealers going out of business. I think people wanted a better bargain at that time so they were buying used boats. We were lucky to be in that business. Now it seems with the financing changed and with the different programs, you can get into a new boat so inexpensively, it's easy for a person to buy a new boat. If a guy can spare $150 a month, why buy a used boat?"

In retrospect, Guy is happy to have taken on new boats, but it took

Ray Guy has run Action Boat Brokers for close to 25 years.

a little family persuasion to get him to redirect the business in the early '80s. "We were here 18 years doing just brokerage and buy and sell of used trailer boats," he explains."At that point my two sons, Richard and Raymond, Jr., who had been working with me, demanded that we get more merchandise so that they could make a better living. That's when we started taking on new boats and loose outboards."

Since '83, Action Boat Brokers' primary lines have been Chapparal boats, Johnson outboards and Trail Rite trailers. Among their other product offerings are Wahoo, Valco and West Coaster boats; OMC, MerCruiser and Volvo Penta sterndrives; and Shoreline trailers. Action has been among the top-10 Chapparal dealers since the first year it took the line on, and fishing and sport boats in the 20′ to 30′ range are their bread and butter. Guy was a top Johnson outboard dealer for four years running, but he expects that that will change now that Chapparal is packaging with Yamaha outboards. Johnson also didn't help matters when they granted a franchise to a dealership just 2 miles away.

Exclusivity problems aside, Guy says that one of his complaints with all engine manufacturers is that they play "numbers games." According to Guy, "You have to buy a bunch of small motors from them in order to get the quantity discounts. They *tell you* to take small motors and sell them at cost or below cost to move them. To me, it seems ridiculous to ask you to sell a product and not make money on it. I think it's going to have to come to the point that if I'm going to sell 50 or 100 large motors for them a year, they're going to have to give those motors to me at the reduced price rather than forcing me to blow out all these small motors."

As far as boat manufacturers are concerned, Guy gives high marks to Chapparal. "Their sales rep comes out and works the shows right along with us. I don't think that that's common in the industry. Some manufacturers only want to push the dealers to take extra boats that they really don't want. It's just a matter of forcing them to take the merchandise and not worrying about the ultimate sale to the customer. Chapparal comes in and helps us sell it to the customer, so we are automatically going to buy more product. That's a much better program than the average manufacturer uses."

Guy's conservative approach to financing has put him in a healthy position in terms of costs. Unlike some dealers who finance as much of their floorplan as possible, this dealer claims to own 65 percent of his inventory. "I'm trying to hold down interest costs," he explains. "From what I understand, that's what kills most dealers. If you own the merchandise and you get a little cold spell, you can sit on it for six months and you're not over retail with it floored."

In the years ahead, Guy expects dealerships to grow in size but decrease in number. "Over the years I've seen so many dealers start out, go a little while and then fall out. I think that manufacturers are going to have to get a handle on not suddenly throwing in a bunch of new dealers when the times get good. They're going to have to stick with the dealers they have and help them expand."

As for this dealer on wheels, expansion is as simple as hauling in another mobile home, making some room on the lot for inventory, and putting in a couple more decades of hard work. *—Doug Henschen*

SCHILLING BOATHOUSE
Hilton Head, SC

Vital Statistics

FACILITIES—A club-like marina on the Intracoastal Waterway offering amenities from service and sales to shopping and dining

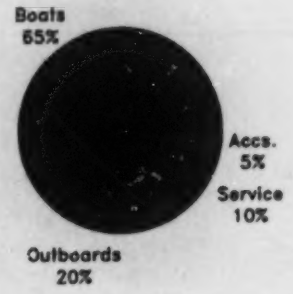
PRODUCT LINES—Tiara, Pursuit, Four Winns, Duroboat and Wahoo boats

YEARS IN BUSINESS—5

GROSS SALES—3-5 million

PROFITABILITY—N/A

Sales Breakdown



The Schilling family has a long boating history. In fact, it's difficult to pinpoint exactly when it started. "We've been boaters since...well, my Dad's been boating since 1920-something," attempts his daughter, Nancy Schilling Henry.

Nancy Henry, now the general manager of Schilling Boathouse in Hilton Head Island, S.C., has been with the company since its opening day in 1984. She explains how the business began in a shopping center while permitting for the present facility took place. Following the purchase of six acres of land on the Intracoastal Waterway and five years of extensive research in dry stack storage and marina operation, the Schillings opened their full-service marina in 1987.

The family's background in boating helped determine how the business would develop. Of 15 marina employees, five are Schilling family members. "We had an idea of what we'd like in a dealer," explains Henry. "And we have the freedom to go boating."

Apparantly, the Schilling's idea of a dealership appeals to others as well. "We're a new concept for this area," claims Henry of the facility, whose many conveniences make it a sort of boater's mall. The marina's amenities include service and maintenance departments, a motor shop and dry stack storage with a 220 boat capacity (soon to increase to 350 boats). There's also a bait and tackle shop, a ship's store and a 30-employee restaurant, where Henry says diners can "watch the sunset at our open bar, on the deck, overlooking the water." For anyone using the boat storage facility, an in-house credit card is available. "Someone who comes here feels they're part of a club," says Henry.

With the 1990 model year, Schilling has carried all its major lines for five years, and has made few changes in the selection it offers. In response to area trends, the average size of boats is increasing each year, and 65 percent of the boats are between 20 and 22 feet. Pursuit, Four Winns, Wahoo and Duroboat are the major lines—with the recent addition of Tiara. Seasquirt was dropped and replaced by Wahoo after one model year.

Floorplanning, 90 percent of which is financed, has been a problem. Until recently, local banks were used with discouraging results. "They don't understand the marine industry," says Henry. A change to GE and ITT for credit has reportedly been successful, and Henry says, "We're very pleased now."

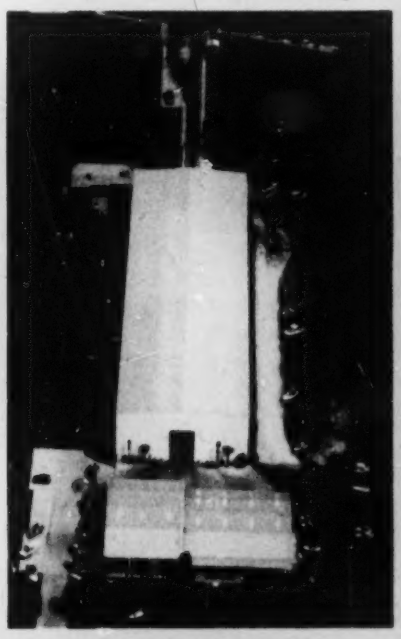
Schilling has had some problems with manufacturers, too. As sales manager, Henry's husband would like to see more visits from representatives, more free floorplanning terms, and better coordination between the marina's parts department and the manufacturers' warranty departments. "You have to be very specific in justifying your diagnoses," says Henry of warranty claims. "We don't get turned down too many times, but it sometimes gets almost to the point where you need to get them to come here to tell you why."

Henry would also like to see manufacturers with more people out in the field, and feels there's a need for better quality control, to minimize the customer's waiting time. "Many times we have a special order, and the customer knows it's in and is waiting for the delivery, when we come across a manufacturer-generated problem," she says. "Then the customer gets aggravated, but it's not our fault." Looking toward the future, Henry reports that Schilling will have to expand its sales staff to accommodate the new Tiara line. "We also hope to come up with two satellite locations," she says. These would cover the areas of Savannah, Ga., and Charleston, S.C.

According to Henry, the company's profits are very steady. She reports an annual increase of 5 percent, and a gross profit between $3 million and $5 million in 1989. "We're just building our business—it's not like we've been in business for 20 years, or taken on any major new lines," she says. She sums it up; "We're here, we're steady, we're stable."

Still, she does not take business success for granted. As president of a marina association on the barrier island of Hilton Head, she has seen details of Hurricane Hugo's complete destruction of nearby marine facilities. She keeps a photo of a dry stack building that was left as a pile of boats. "It's on my dresser—just to remind me to have humility," she says.

—Carrie Campbell



Aerial view of Schilling Boathouse.

D&R BOATS
Greenbrook, NJ

Vital Statistics

FACILITIES—Two full-service dealerships, in Greenbrook, N.J. and Wharton, N.J.

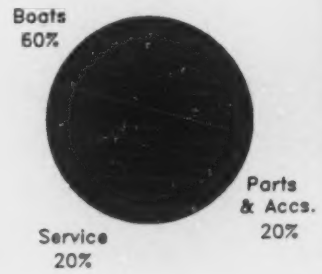
PRODUCT LINES—Sea Ray Boats

YEARS IN BUSINESS—28

GROSS SALES—$22 million (1988)

PROFITIBILITY—N/A

Sales Breakdown



All in the family: Don Sr. with sons Robert and Don Jr.

"I like traffic," smiles Don Barone Sr., owner of two dealerships in New Jersey. "I like people coming in to my place of business. Even if someone comes in and says, 'I'll never buy a boat in my life.' As long as he's impressed by the boats, he's going to go home and tell somebody else about them. So I like people. I like traffic."

That is Barone's philosophy of business, and it has guided D&R Boats in becoming the largest Sea Ray dealer in New Jersey. Don and his wife Ruth (hence, D&R) started the business 35 years ago and opened the new facility in Wharton four years ago.

He remembers a rapidly changing industry that moved from wood to fiberglass and saw changes in designs and hulls. "It became very challenging. It was changing every year," he recalls. "The manufacturers of the day were doing so much research and styling work. There was an excitement about which direction the industry would go."

In the early days of D&R, to display one boat in a small showroom was a big deal. "Just to have a boat on display indoors!" he chuckles. "Everything was outdoors. We held the first dealer show under a tent. That was probably one of the first boat shows ever to be held in a tent. From then on, many dealers have used the idea."

Barone says he predicted the trend to larger and more attractive showrooms like the ones in his own dealerships today, along with sophisticated service and rigging facilities. "That's the direction it was going, and that's the direction it *is* headed," he says.

The dealer's two stores grossed $22 million in 1988, through boat sales, service, and his ship stores, in that order. His on-the-water service facilities operate statewide by radio-dispatched trucks, and the ship stores offer a full line of parts and accessories. The stores are well stocked, he reports, and a very good source of income, particularly during soft-market periods. "When sales are down, we still have an income there," he says.

About 2 percent of D&R's gross sales go into advertising; the larger share is for classified and display ads in newspapers, with a smaller portion set aside for radio and billboards for special events. Those include both outside and in-house boat shows. BOATING INDUSTRY talked to Barone during a successful in-house show at his Wharton facility in October, a week-long event that raked in about $2 million and required several radio spots and thousands of mailings.

D&R employs 55 people, from sales to accounting and service. Two of those employees are his sons. Barone is proud of the average length of employee service. "Our staffing is excellent," he beams. "We have people who have been with us for as long as 18 years. Some have left and come back to D&R."

He attributes that success to the environment at D&R, and "the concerns that we have for all of our employees," he says. "We want to be sure they're comfortable and earning enough and having good working conditions. I think we've done a hell of a job, and we've given our people the best of everything. We have never shortchanged anybody."

Barone says he's also fortunate to be selling a product as impressive as Sea Ray, which D&R has carried for 27 years. "They've never had a stagnant line," he says. "In styling, they've stayed ahead of the industry, and the industry has always followed them." Sea Ray is the only boat line D&R sells, although that wasn't always true—the retailer dropped its other supplier, Boston Whaler, a decade ago because he no

longer considered it practical to carry two lines.

Sea Ray's healthy relationship with D&R is common between its other dealerships as well, he says, and their dealerships have grown because of Sea Ray. Barone expects the company, and the industry as a whole, to grow within the next 10 years, but says he's concerned about the current softness in the boating market. "I think the industry will continue to grow, and many dealers are going to grow with it," he predicts. "But these are real soft times. I've been through it all, but this one concerns me a little bit."

A big problem, he stresses, is inventory control, brought on by a market saturated with boats. "In good times, we get the product, but when times slow down, we have problems with inventory, high production and control of production. That's one of the areas I feel manufacturers should look at very seriously. Normally, soft times are OK, because you have full control. But then, when you have a backup of inventory out there, it's costly to the dealer," Barone explains.

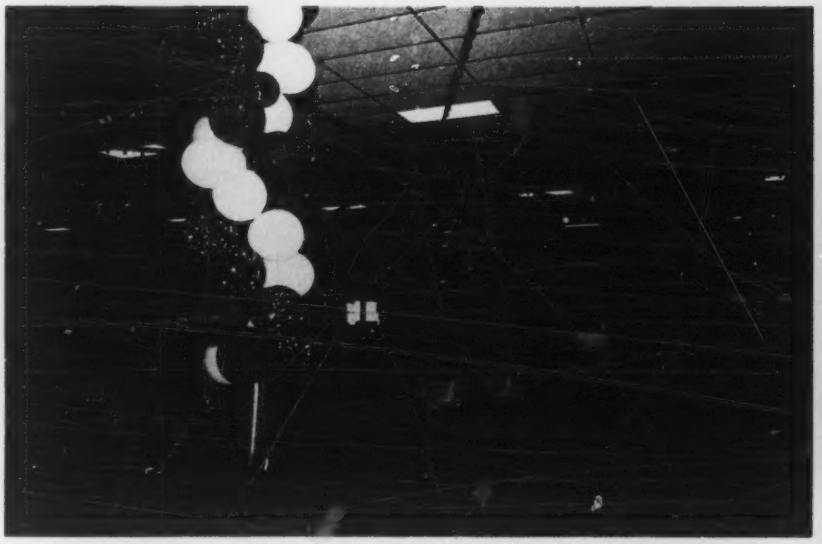
Like all manufacturers, Sea Ray has felt the pinch and has had some problems in its production. As a result, the company has overproduced, Barone says. However, the boatbuilder is attempting to alleviate the problem by working with its dealers, "as far as allotments or what they can handle."

Like Sea Ray, Bayliner was bought by the Brunswick Corp. Barone says that the two builders are "completely separate," and that Bayliner was the first to be hit hard with inventory pandemonium. "They were a much higher volume manfuacturer than Sea Ray."

Barone is pleased to be associated with Sea Ray, a growing company, rather than a boatbuilder trying to make a turnaround in the industry—a builder like Chris-Craft, whose recent activities have sparked his criticism.

"They're just bringing in people from various other companies to run their company," he says. "They might use them for a few months, then it's all over. For Chris-Craft to make a comeback, they've got to do something to turn it over. It's going to take a lot of years to do it. They're not going to do it in one year.

"Our industry keeps changing every year," he continues. "The models, the designs, the colors. By the time Chris-Craft gears up to where they think they've got it, the industry is going to change. Sea Ray can do that—they're already leaders out there. They can just change the styling and keep right on going. Look what Sea Ray has done to the cabins and salons—they're so beautiful. The TV's are built into the bulkheads. The public is looking for those new styles."



Above: An outside view of D&R's Wharton, N.J., facility; below, decorations aplenty in its massive showroom during a week-long boat show.

As Barone ponders retirement, he knows D&R will eventually stand for Donald and Robert, his two sons, who have also put long years into the company: Donald Jr. is a senior executive and Robert is involved in sales. When Dad retires, he'll most likely spend more time in his home in Fort Myers, Fla., where he'll perfect his golf game. "Thirty-five years is a lot to be in the same business," he says. "I've seen my dealership grow and grow and grow. I've seen it grow enough!"

—Brett Bayne

KLINGER LAKE MARINA
Sturgis, MI

Vital Statistics

FACILITIES—Single full-service dealership/marina located on Klinger Lake includes showroom, service bay, 700-foot dock, fuel dock, winter storage yard

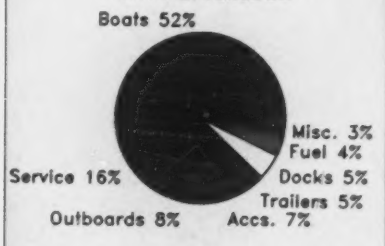
PRODUCT LINES—Larson, Harris Floteboat and Flotedeck, SeaNymph, American Sail, Godfrey Marine, Johnson Outboards

YEARS IN BUSINESS—6

GROSS SALES—$850,000 (1988)

PROFITIBILITY—Overall N/A; 20 percent margin on boats

Sales Breakdown



Dave Dudd says his on-water location gives him a retailing advantage.

He has owned the place for only six years, but Dave Dudd has spent nearly his whole life at Klinger Lake Marina in Sturgis, Mich. As a child he ran the fuel dock, cleaned and rigged boats—whatever it took to help out his father. By his own admission, growing up at a boat dealer/marina on a 900-acre lake was a lot of fun, but by the time he reached Michigan State University, Dudd had dreams of a career in advertising. With no prospect of passing the business on and with his wife in ill health, Dudd's father, Harmon, decided to sell out in 1978. The family enterprise of 40 years was gone.

Over the next few years, Dudd learned some valuable lessons in the real world. In stints with ad agencies in Kalamazoo, Mich., and Chicago, he watched ad executives "drop like flies." The pressure to perform or be fired drove some to alcoholism and one of his bosses to suicide.

Meanwhile, back at Klinger Lake (in southwestern Michigan), the dealership had not been faring well. The economy of the late '70s and early '80s had not cooperated with the new owners, and by 1983 they were anxious to sell it back to the Dudds. It didn't take the young ad exec long to decide what to do.

"I wanted to work for myself and not rely on somebody else for my destiny," he explains. "The day we came back was a real joy. We mowed the grass and painted the buildings all back up. Mom planted flowers. It was a little run down. All our old customers were really glad to see us back."

Dudd had his father's advice and experience to rely on, but it also took new ways and new thinking to be a success in the '80s. He soon chose Larson as his primary boat line, with Harris Flote-Bote and Flote Deck, SeaNymph, American Sail, and Godfrey Marine products rounding out his offerings.

"I'm very happy with Larson," says the 32-year-old dealer. "I feel we're on the right team. The Genmar line of products, and specifically Larson, is at a key position in the market. They have expanded and upgraded so much in the six years we've been with them—it's amazing."

Dudd may be a relative newcomer, but he has some old-fashioned attitudes about running his business. "There are a lot of dealers that don't understand profitability," he laments. "It has kept things so competitive. The thing that upsets me most about the last five years is that they've been really good years, but the dealers are still running scared from the '70s. They are selling boats at a much lower profit margin than what they ought to be through the good years. I'd hate to see what they'll be doing in the bad years."

In spite of the competition, Dudd says he tries to maintain a 20 percent gross margin. "I have a competitor that just advertised one of our boats at 5 percent over cost. You know darn well that that guy is not going to sell at 5 percent over cost. At some point he's going to sell the trailer for $1,300 instead of $1,000, he's going to sell the cover for $400 instead of $200, and he's going to build up the freight and rigging and water testing. It's absolutely dishonest. It's a shame that this sort of hucksterism survives in the industry!"

In terms of management and administration, Dudd has been conservative. He relies on proven methods his father employed, such as using three-by-five index cards to track inventory. Unlike many of his peers, he has resisted some of the emerging industry fads. "We've just gone into some of the backside profits—the credit, life, accident and health. We're a couple of years behind on that, but I'm glad we waited. [The finance company]

wanted to lease us an expensive computer system. I feel we can sell the backside profit items as effectively without it. They provide us with adequate calculators to amortize the payments and insurance terms. For a dealership of our size, the computer is not an absolute necessity."

Like most dealers, Dudd has had his share of hard knocks—particularly this year. "I never realized when I came into this business how important finance and insurance were going to be. Overall, sales have been good this year, but costs have increased so much. We've been stocking big inventories to provide good selection, but the expense of having all that inventory in a year that was not as good as we had hoped has cost us dearly in insurance and interest. We probably lost an extra $20,000 or $30,000 in profit because of insurance and interest."

Buying out a silent partner put another dent in Dudd's profits for '89. A deep-pocketed college friend had helped him buy back his father's business in '83, but the partnership grew increasingly troublesome. Having learned another "hard lesson," Dudd vows never to enter into a partnership again.

Despite recent setbacks, the five-year plan calls for a new three-story crib storage facility and additional shop and showroom space. In season, Dave employs three mechanics, three store clerks and two dock hands. Dudd's girlfriend manages the store, and Harmon Dudd, age 78, is still a hard-working full-time employee. Dudd's mother, Marion, is alive and well, but she no longer works at the dealership.

Over the next 10 years, Dudd expects a thinning in the ranks of dealerships. "Those who didn't learn [about the importance of profitablity] are probably going to fall by the wayside. Dealerships that maintain a profit margin and that really sell their service and their quality are probably going to be able to hang in there. Overall, I think we're going to see another upsurge, but you can't expect to have growth, growth, growth. You've got to be able to hang in there."

—Doug Henschen

SKIPPER BUD'S
Milwaukee, WI

Vital Statistics

FACILITIES—Thirteen Skipper Bud's and American Marine dealerships in Wisconsin and bordering states

PRODUCT LINES—Sea Ray, Four Winns, Chris-Craft and Carver Boats; Evinrude, MerCruiser, OMC Cobra engines; EZ Loader and SureLoad trailers

YEARS IN BUSINESS—28

GROSS SALES—Over $35 million (1989)

PROFITIBILITY—Won't reveal margin, but profits were down this year

Apparently, there is no stopping Skipper Marine Corp. When the president of the company was interviewed for this article, he admitted that although he operates 13 dealerships in the Midwest, that number would likely grow to 17 by the time the ink on these pages was dry.

Michael Pretasky, who owns Skipper Bud's retail stores with his brother David, is the skipper of a rapidly expanding boating empire. His Milwaukee-based corporation has been growing in Wisconsin and beyond since the two bought it from older brother Bud in 1975. Meanwhile, David operates a separate organization called American Marine, with three dealerships along the Mississippi River.

In addition, the brothers have also become very involved in marina construction and management, running the 1,500-slip North Point Marina in Winthrop Harbor, Ill., among others. Their Skipper Liner Industries of La Crosse, Wis., is the largest manufacturer of 150-passenger commercial tour boats in the the United States, and, just to round things out, they own Barnacle Bud's, a sandwich-type restaurant at their corporate headquarters in Milwaukee.

Michael Pretasky spoke to BOATING INDUSTRY on his car phone as he cruised down I-94. Because he travels from store to store, he ends up doing a great deal of business this way. "When I get calls in my office, I take the ones I'm there for, and when I'm not there, I return messages from the car. In Wisconsin, we're pretty spread out, and everything is a little bit of a drive."

En route to another facility, Pretasky talked about his relationship with David, which may be the key to his company's success. "Everybody told us that it wouldn't work and that we shouldn't do it. But it's been an excellent relationship—he has his areas of responsibility, I have mine. We run things by each other almost daily on what we're doing, and speak several times a day."

Skipper Bud's has dealt Four Winns since the builder was known as the Safe-T-Made Boat Co., making the retailer one of their very few original dealers. The company is one of the top-10 Sea Ray dealers in the world, and has carried Chris-Craft since August. The corporation's growing marina involvement led them to pick up Hattaras Yachts a year ago, Pretasky says. "We've been meeting and taking care of these big boaters and yacht buyers, so it was appropriate that we did something with a premier line."

Through the recent acquisitions, Skipper Bud's has not sacrificed any of its other lines, Pretasky explains. "And we really don't mix and match much, either. Our Sea Ray stores are exclusive. We do some mixing with Four Winns and Carver, because Four Winns is a small boat line, and Carver is larger. We think we do a better job with it that way."

Boat sales make up the largest percentage of the company's income, with marina operations coming in second. A close third is service, although that ranks first for Pretasky in many respects. "I think that the future of our industry is three words: service, service, service."

Pretasky is fond of calling Skipper Marine a service company that sells boats instead of a sales company that services boats. Service, he insists, "begins the minute the customer walks through the door, even if they don't buy your boat. Ultimately they will if you stay with them. People don't buy one boat." Skipper Bud's most common ser-

A dock-and-pilings motif brightens up the inside of Skipper Bud's, where gifts and accessories of all kinds are offered.

vice is winterization in the fall, summerization in the spring, then repairing damage done by underwater obstructions in the summer months.

He believes the consumer is willing to pay more for a product if good service is available. But getting good service has been a difficult pursuit in the last six years, he laments. "Everybody's service reputation has dropped—in some cases substantially. The manufacturers' volumes, as well as the dealers' volumes, have grown so quickly that the quality of all products being produced today has slipped."

Pretasky wishes that manufacturers and dealers worked more as a team. His manufacturers are "too worried about production all the time, and you can't keep building products when the consumer services drop." And the problems don't end there: Pretasky says he could spend hours listing the ways manfuacturers could improve their relationship with dealers in general.

"Where do you start?" he says thoughtfully. "They ought to have a bigger role in computerization. They ought to have a better understanding of the real consumer needs and the seasonality of our businesses. They ought to understand the importance of 24-hour turnaround on parts."

He adds that the manufacturing end must concentrate on constant growth rather than explosive growth. "I would much rather see a smaller, more constant growth than these 30 and 40 percent increases in a year," he says. Parts departments and service personnel can't handle that kind of growth. You build a much stronger foundation by having a constant, well-planned growth."

In a year of continued growth, Skipper Bud's saw their profits wane this year, although dollar sales were up, with gross sales surpassing $35 million. "It was one of those years," Pretasky says. "Overhead was up, profits were down." This year, he says, high expenses and interest costs contributed to smaller profits, but '89 has been merely a minor setback. With the exception of 1979, every year has been a growth year since the brothers purchased the company.

Pretasky looks forward to the '90s, a decade he says will see the industry doubling in dollar sales, "because people are buying bigger boats." He predicts many manufacturers will go by the wayside, and that a "substantial amount" of dealers are going to get out of the business because the industry isn't bringing enough new people into it. "It's tough to operate a marine dealership today without a good training program," he says. Skipper Bud's employees are relatively young—most of its executive team is 40 or younger.

"We're in the prime business cycle of life, and I see our company being pretty aggressive over the next 10 years." He downplays the possibility of being asked to sell out to a large corporation. "I certainly don't have any desire to. People out there aren't gobbling up retail marine dealerships yet. I just don't see that happening for a long time."

—Brett Bayne

CHANNEL MARINE
Weirs Beach, NH

Vital Statistics

FACILITIES—One location on Lake Winnipesaukee with storage for 450 boats, primarily from 22 to 24 feet

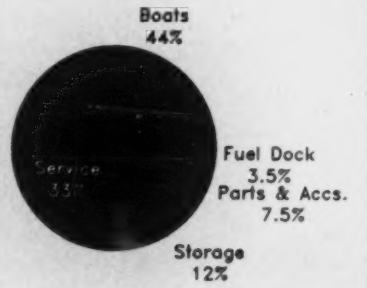
PRODUCT LINES—Century, Slickcraft, Maxum and Garwood boats

YEARS IN BUSINESS—25 total, 7 at Channel

GROSS SALES—In excess of 4 million

PROFITABILITY—31 percent margin

Sales Breakdown



I saw it coming last year," claims Bill Littlefield, owner of Channel Marine in Weirs Beach, N.H. "I just had a feeling it was going to be slow." He was right. He now finds sales are down and that "New England was hit as hard as anyone in the country."

But Littlefield was prepared. Adjusting sales staff and inventory for the expected slowdown last fall, he cut back purchasing by 25 percent. He offered no product discounts, yet has very little 1989 inventory left. "Even though we're down on gross sales, we've maintained our profit levels and I'm actually where I expected to be at this time," he says.

It's no supernatural power that gave him his feeling. It's a business sense that has developed with 25 years of industry experience. Littlefield has owned three marinas during this time. Leaving one facility in Fort Lauderdale, he headed north and built another in Guilford, N.H. Seven years ago, he moved to Channel, where he works with three family members among his 14 employees. He explains that it all started rather simply. "I just liked boats, and have been in boats since I could afford to buy one."

Like many dealers, Littlefield actually finds little time for boating. "I do my boating in the winter, when everyone else is working to support me in the summer," he laughs. Yet it's obvious he's hard at work all year long.

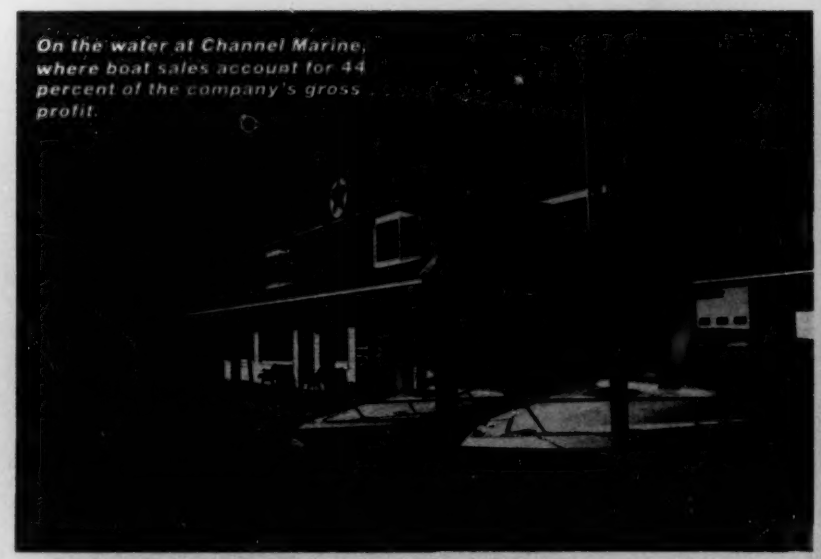
Offering slips in the summer and storage in the winter, Channel appeals to the seasonal residents of the Lake Winnipesaukee area. Accommodating 450 boats, storage facilities account for 12 percent of Channel's gross profit. One four-level rack building holds 200 boats, while 200 more are kept in other rack buildings and 50 others in covered boathouses. Channel primarily handles 22 to 24 foot runabouts. The service department, which brings in 33 percent of gross profit, does mostly mechanical work on inboard/outboard drives, tune-ups and make-readies.

Boat sales account for 44 percent of the company's gross profit. Channel's major lines include Century and Slickcraft, and recently acquired Maxum and Garwood. The success of Century boats is clear—they've been in the store since 1946. The new Garwoods are also selling well, despite what Littlefield says is a limited market. He gives the impression he wouldn't hold onto an unsuccessful boat. Channel handles Mercruiser and OMC, but only sells outboard motors as packages.

For Littlefield, a busy service department brings the frustration of dealing with manufacturers over warranties. "The manufacturers just don't recognize what a good dealer spends to make a customer happy on warranty—they will not face that number," he says. "If we sell a boat, we will do whatever it takes to make the customer satisfied. You never get the manufacturer to even come close to covering that volume." He has no figures concerning the amount of warranty work he does. "We lose so much of it, and I don't account for what I don't get, which is a mistake. I file claims and take what we get as income," he says. "It's just a very discouraging thing."

Littlefield works with a local bank for financing. "I don't have a floorplan as such, I have a line of credit," he explains. "When I need money, I draw on it, and when I have extra cash I keep it in the form of owned inventory. If I have boats coming in, I just pay for them. So I have no hull numbers and balances tied to something down at the bank, making them come in and look at the boats every month. I've never had a bank come into my facilities."

Littlefield attributes much of his annually increasing gross profit to lessons of time and to the Spader Company's methods of accounting, which he says "have been very, very helpful over the years." In 1989, Channel's gross sales were in excess of $4 million. However, Littlefield says "gross sales mean nothing. You must have an accounting system that's departmentalized, so you can work in different areas." He explains that Spader empha-



On the water at Channel Marine, where boat sales account for 44 percent of the company's gross profit.

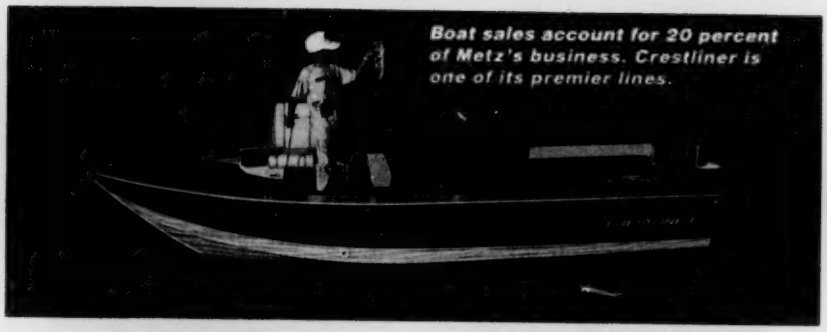
sizes key ratios of operation, such as labor cost or inventory expense compared with gross profit. "Everything against gross profit, not sales," he says. Littlefield has found that time's most important lessons have been in getting enough profit on sales and learning where true costs of inventory are. "Most companies that rely on some old-style accounting procedures have no idea what it truly costs to hold a boat and sell it," he says.

During Littlefield's first five years at Channel, expansions were made every year. "Now we're in exceptionally fine shape and very workable, so at this point we're not doing anything major," he says. But he does have some plans for the future. "I see my facilities larger, I see additional storage being built to handle more boats and I see my sales increasing some." He's also considering establishing off-site sales locations, especially close to a major city to encourage year-round sales. "I think having a waterfront facility to take care of the person after they're sold can only enhance an off-water location," he says.

According to Littlefield, the future may bring trouble to some dealers. "I see the industry heading to fewer dealers than there are right now," he predicts. "After six or seven really good years, lots of people get into the business very under-financed, and in secondary locations. I think in tough times you'll see them go away." He also sees engine manufacturers getting involved with owning boat companies, but not building facilities to accommodate them. "If conglomerates are able to digest the boat manufacturing and to get that running smoothly and profitably, then I think we might see them looking to purchase some major waterfront facilities to make it a full cycle," he says.

He doesn't think all dealers need worry, however. The most successful will be those that are on the water, providing "total service for the customer—a place to call home away from home," he says. "Those dealers that play the game fairly, by charging fair rates and giving good service, are going to get stronger and stronger."

—Carrie Campbell



Boat sales account for 20 percent of Metz's business. Crestliner is one of its premier lines.

METZ MARINA
Kennewick, WA

Vital Statistics

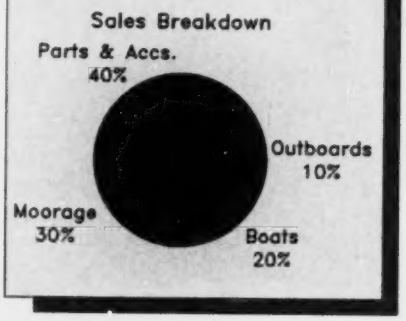
FACILITIES—130-slip marina, fuel dock, service center and showroom

PRODUCT LINE—Crestliner and Bluewater boats; Mercury and Johnson outboards; EZ-Loader, Calkins and Shore-land'r trailers

YEARS IN BUSINESS—35

GROSS SALES—$1 million

PROFITIBILITY—20 percent overall gross margin



Born and raised in Western Nebraska, Dale Metz's happiest childhood memories are of fishing trips on his rich uncle's boat after the wheat harvest. "I was at the height of my glory when I was out there bouncing around. Those trips were the greatest thing my dad ever did for me."

Metz came to Washington state in 1943 to work in a plutonium plant that produced a product bound for Japan. After the war he bought a Garwood and paid for it by giving rides. When the Army Corps of Engineers created Lake Wallula by building McNary Dam on the Columbia River, Metz built a dock and boat house on Clover Island, formerly inhabited by indians, and hung out his shingle—"Boat Rides."

"I started selling a few, repairing a few—decided to go into the boat business." Metz Marina was incorporated in '53, and a showroom/store was opened in June of 1954. The original docks floated on top of 55-gallon barrels and could handle 50 boats. By the time Metz Marina's expansion is completed next year, some 260 boats will be docked there.

The workforce of eight includes Metz's sons Kay and Lynn as well as his wife, Marion. Service is their number-one source of income, and Metz prides himself on having the "cleanest, neatest service department in the state." Parts and accessories are a big factor in service's profitability and account for about 40 percent of his income. One reason, according to Metz, is that they don't have to discount the parts to keep up with competitors as they do with the boats and outboards.

"One of the big problems is too many dealers being socked close together and getting into price wars. I've seen 44 dealers come and go in this area since I first started."

Metz believes "the surface has only been scratched" as far as reaching people who want to buy boats, but in order to reach them he feels a dealer has to love boats as he does: "If anyone gets in the marine business and they're not avid boaters they should get out. When I started in this business I was determined to succeed—anyone going into a business must be determined. I have a positive attitude. Every day is going to be a good day for me because I'm going to make it that way. I never get tired of looking at boats and motors because they've been good to me personally and professionally."

—John Fahs

BOAT WORLD
Atlanta, GA

Vital Statistics

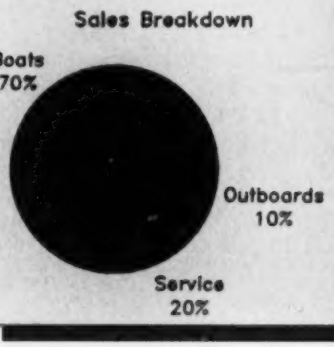
FACILITIES—Two showrooms, one in Buford, one in Marietta. Both outlets feature full service—Buford's service facility located one mile down the road from showrooom

PRODUCT LINES—Wellcraft and Cajun boats; Harris and Monarch pontoons

YEARS IN BUSINESS—4

GROSS SALES—N/A; unit sales this year were 300

PROFITABILITY—N/A



Boat World's separate service facility in Buford helps keep irate customers out of the showroom.

Cruisers and large boats are sold out of the Buford location while Marietta handles the smaller boats.

The partnership between Jay Levitt and Bill Pickler was consummated on Oct. 17, 1988, when Boat World was acquired from Tom Grane. "I'd owned several boats over the years and really liked the way Wellcraft was built, I saw a lot of possibilities there," said Levitt, who owned Capitol Foods in Atlanta prior to purchasing Boat World. Pickler, who maintains a lower profile in the firm's operations, continues to run his own architectural firm.

Since opening in 1986, Boat World has often been referred to as Wellcraft's largest inland dealer. The new management team took on Cajun's bassboats and runabouts at the recent S.E.M.C.O. show in Atlanta. Now Cajun is looking forward to a long and profitable relationship with Boat World—which reportedly grossed somewhere around $3 million this year.

The dealership is known for handling everything in the Wellcraft line, from 17-foot runabouts to the offshore Scarabs. Since the acquisition, new focus has been placed on the service departments. Among Boat World's assets are a close proximity to Lake Lanier—the most heavily used Corps of Engineers lake in the U.S.—and its relationship with suppliers like Marine Trailers Incorporated (MTI). They chose MTI because it's located right in Buford, which keeps shipping costs way down on the 120 or so units purchased annually from the firm.

A highly promotion-oriented dealership, Boat World coughs up a whopping 25 percent of its gross on advertising—everything from magazine ads to TV spots. Boat shows account for about 40 percent of total sales, another 20 percent can be attributed to leads generated at the shows. The dealership has large displays at the Lakewood Fairgrounds show in the winter and at the World Congress center in the summer and spring.

According to Chris Bliss of the sales department, "Once a week we have a sales meeting to air grievances and new ideas about how to bring customers in. It works."

Another strategy that has paid off is great attention to the impression created by the showroom. According to Glen Hutchinson of Cajun, "A lot of dealerships could learn how to clean up their act from Boat World—no tools or powerheads lying around, they greet the customer—it's not fancy but it's attractive and neat and well laid out. That separate service facility they have at Buford is great, too, because it keeps irate customers out of the showroom. They don't have competing lines within their inventory, either, which tends to confuse the customer."

With owners that take an active part in the business, knowledgeable sales people with confidence in Genmar product and a relaxed but professional atmosphere, Boat World appears to be on track for the long haul. —*John Fahs*